



Panel urges fight on foreclosures

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Responding to the spike in home foreclosures that threatens many of the region's neighborhoods, the San Diego City-County Reinvestment Task Force yesterday forwarded a series of sweeping recommendations to the City Council and the county Board of Supervisors.

Among them is a proposal to create a regional land bank to buy foreclosed properties and to prevent neighborhood blight. The homes then could be turned around to create affordable buying opportunities.

The panel also called for boosting government funding to nonprofit groups that counsel people facing foreclosure.

"This is a critical issue for our communities," said San Diego City Councilman Tony Young, co-chairman of the task force. "The proliferation of subprime loans and the increase of foreclosed properties represent a threat to the quality of life of our neighborhoods."

Earlier this week, Irvine-based RealtyTrac reported that the county had 4,845 foreclosure filings in August, a year-over-year increase of 247 percent and an 80 percent increase over the previous month. RealtyTrac anticipates several waves of mortgage failures over the next 15 months as adjustable subprime mortgages reset at higher interest rates.

"We need to be concerned about the economic well-being of our residents due to the fact that this crisis severely impacts the very soul and existence of our citizens," Young said.

He noted that recent studies have found that neighborhoods with large minority populations have been hit especially hard by foreclosures, many resulting from risky subprime loans.

The task force monitors the investments of financial institutions in low-and moderate-income communities.

Alan Fisher, executive director of the nonprofit California Reinvestment Coalition, which advocates for low-income communities, said the San Diego County task force is the only public-private body in the state that is actively addressing problems created by the subprime loan crisis.

In part, the task force's recommendations called on the city and county to:

- Work with nonprofits to negotiate for reasonable loan workout programs with major lenders.
- Lobby for stricter standards of ethics and disclosure for mortgage brokers and lenders.
- Urge authorities to investigate securities fraud in the possible targeting of subprime loans to low-income and ethnic neighborhoods.
- Develop city and county ordinances that will encourage the owners of foreclosed properties to better maintain them.
- Pursue legislation to expand the lending capacity of the Federal Housing Administration and the Veterans Administration.
- Boost government funding to nonprofits that counsel people going through foreclosure.
- Form a regional land bank to buy foreclosed properties to create affordable buying opportunities while guarding against neighborhood blight. Purchased homes could be rented at affordable rates and later sold at affordable prices.

The recommendations were unanimously accepted by the panel and referred to the city and county. County Supervisor Ron Roberts, who co-chairs the task force, was not present.

“Predatory lending practices have not only had a disastrous impact on homeowners, but the proliferation of vacant and neglected properties is beginning to blight our communities,” Roberts later said in a statement. “Hopefully, some of these new measures will yield positive results.”

Task force member Robert F. Adelizzi, a retired banker, chairs the subcommittee that drafted the recommendations. He said a regional land bank could be created in a number of ways.

Adelizzi noted that he also heads the nonprofit San Diego Capital Collaborative, which was chartered by the task force. It works on low-and moderate-income housing issues.

He said the collaborative has raised about \$90 million in equity capital over three years. The money is being used to encourage small developers to create urban infill housing and smart-growth projects.

“We raised that (money) from CalPERS (the California Public Employees Retirement System), Washington Mutual and Northwestern Mutual Life Insurance Co,” Adelizzi said. “They are getting a return on capital, but they also see a social benefit to it.”

A land bank can be formed using government seed capital that attracts private investors, Adelizzi said. “It may be foundations that understand that it is in the best interest of everyone to see these issues resolved quickly.

“This is a creative solution. It may not work in every community,” Adelizzi said.

San Diego Mayor Jerry Sanders yesterday said he welcomed the task force's recommendations.

“I will be excited to see them,” Sanders said. “I think those are very important issues to face, especially neighborhoods that need help.”

Pamela Beard, program manager of the nonprofit Housing Opportunities Collaborative, said the workload on HUD-approved loan counselors in the county has increased by 200 percent since the beginning of the year.

Gabe del Rio, the collaborative's president, warned that the full impact of the subprime lending crisis had yet to be felt. “We have not begun to see the real effects of what is happening,” he said.

Adelizzi said his concern was not for the health of the mortgage market, but for the people who have gotten caught up in foreclosures. The market eventually will correct itself, he said, “but we want to see it happen in a way that causes the least amount of pain.”